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GROUP ACTIVITIES

HEALTHCARE

MRA

Proportion of Group operating profit in 1992 was 30%. MRA supplies nurses and other specialist healthcare personnel on a temporary contract basis to hospitals across the USA. It currently has over 800 nurses and allied health personnel out on assignment.

	1992	1991
	£000	£000
Turnover	20,259	20,115
Operating Profit	1,955	1,257

BNA

Proportion of Group operating profit in 1992 was 23%. BNA is the largest nursing agency in the country. It currently has 115 branches and in 1992 provided over 115,000 hours of care each week.

	1992	1991
	£000	£000
Turnover	46,380	43,650
Operating Profit	1,531	1,261

Nestor Medical Services

Proportion of Group operating profit in 1992 was 13%. NMS owns and manages three hospitals and two nursing homes. Its areas of expertise are the provision of acute surgical medical facilities, medical rehabilitation, acute psychiatry and care of the elderly.

	1992	1991
	£000	£000
Turnover	10,364	10,408
Operating Profit	863	1,623

Nestor Medical Deputising

Proportion of Group operating profit in 1992 was 18%. NMD operates doctors' deputising services from nine centres in North West England and the West Midlands. In 1992 this division made over 330,000 house calls.

	1992	1991
	£000	£000
Turnover	7,848	7,944
Operating Profit	1,199	2,444

OTHER SPECIALIST PERSONNEL

Scott-Grant

Proportion of Group operating profit in 1992 was 4%. Scott-Grant's primary business is the supply on a temporary basis of specialist supervisory, technical and computer personnel. It also sells its own computer software and provides lecturing and training facilities.

	1992	1991
	£000	£000
Turnover	5,983	6,016
Operating Profit	276	290

Hewitson-Walker

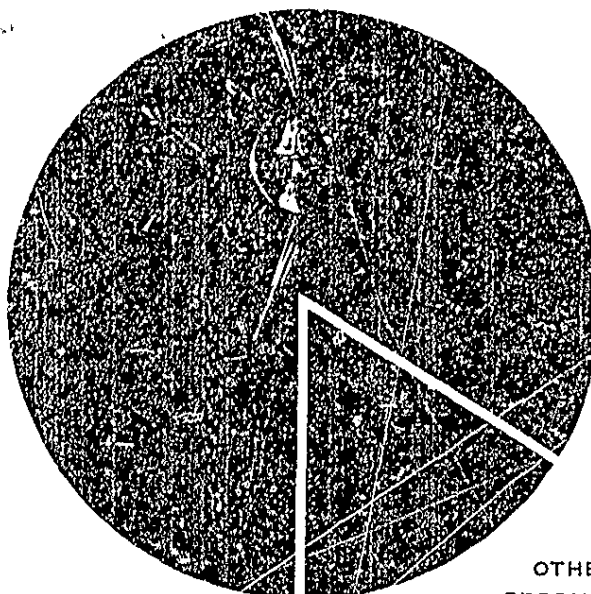
Proportion of Group operating profit in 1992 was 12%. Hewitson-Walker places qualified and part-qualified accountants on a temporary basis, primarily in the Greater London area.

	1992	1991
	£000	£000
Turnover	5,480	7,032
Operating Profit	785	1,133

FINAL ACCOUNTS HIGHLIGHTS

PROPORTION OF
GROUP PROFIT
FROM

HEALTHCARE
84%



OTHER
SPECIALIST
PERSONNEL
16%

	1992 £m	1991 £m
TURNOVER	96.31	100.54
OPERATING PROFIT	5.54	6.82 ^s
PROFIT BEFORE TAXATION	4.24	5.31
CASH FLOW BEFORE FINANCING	1.56	2.16
EARNINGS PER SHARE	4.30p	5.81p
DIVIDENDS PER SHARE	3.15p	3.15p

^sAfter exceptional item

DIRECTORS AND ADVISORS

DIRECTORS

John Hann
Non-executive Chairman

Michael Rogers
Chief Executive

Viscount Bridgeman
Non-executive Director

Clive Chapman
Group Finance Director

John Cockburn MB ChB
Managing Director,
Nestor Medical Deputising

Charles Goodson-Wickes MP
Non-executive Director

Francis Howard
Non-executive Director

Alan Pilgrim
Managing Director,
BNA

Jennifer Priestley SRN
Managing Director,
Nestor Medical Services

Nicholas Ward
Non-executive Director

SECRETARY

John Wood

REGISTERED OFFICE

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Welwyn Garden City
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New York NY 10022

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London W1X 4JS

REGISTRAR AND TRANSFER OFFICE

National Westminster Bank Plc
Registrar's Department
PO Box No 82
Caxton House
Redcliffe Way
Bristol BS99 7N1



INTRODUCTION

Although we, along with many others, hoped to benefit from an economic recovery in 1992, there was in fact little evidence of it during the year, either in the UK or the USA. The effect was a pattern of trading in 1992 which was similar to 1991, with an encouraging start to the year followed by a downturn in the second quarter and no apparent recovery until towards the end of the year. This had a major effect on revenues and profits which were lower than in 1991, particularly in the USA where the recession depressed the earnings of MRA, our travel nursing operation.

Cash flow, however, continued to be a strong feature of the Group and a further reduction in net borrowings was achieved.

SUMMARY OF RESULTS

Group turnover for the year was £96.3 million (1991: £100.5 million) and the operating profit £5.54 million (1991: £6.82 million, after an exceptional charge). With an interest charge lower than last year, pre-tax profits were £4.24 million (1991: £5.31 million). Earnings per share were 4.30p (1991: 5.81p).

An extraordinary charge of £2.53 million has been made for the year in respect of our investment in Nutri System (United Kingdom) Limited. This includes the full cost of writing off our share and loan capital investment of £1.03 million and a further £1.50 million provision in respect of leases which the Company has guaranteed.

DIVIDENDS

Your Board is recommending the payment of an unchanged final dividend of 2.00p per share to be paid on 28th May 1993 to shareholders on the register at close of business on 30th April 1993, making a total dividend for the year of 3.15p (1991: 3.15p).

OPERATING RESULTS

Healthcare

MRA, in common with other travel nursing businesses, was affected by the economic slow-down in the USA and the accompanying low levels of business and consumer confidence. This resulted in reduced occupancy in hospitals, higher unemployment and lower labour turnover. These factors depressed demand for supplemental healthcare staff and increased competitive pressure. As a consequence, MRA experienced a 23% fall in revenue and a reduction in gross margins, but as a consequence of cost cutting the reduction in profit was contained and MRA produced an operating profit of £1.96 million (1991: £3.26 million). The average exchange rate for both years was \$1.76.

MRA has been actively developing business in the more buoyant areas of the USA and has increased the number of active hospital clients which it serves. Whilst the outcome of the current debate on healthcare reforms is difficult to predict we remain confident in the long term prospects for our market.

CHAIRMAN'S STATEMENT

BNA, which operates the largest network of nursing agencies in the UK produced an increase in revenue in the year and an encouraging profit recovery. Activity for the year increased by 2.1% with all market sectors, except nursing homes, showing growth. The first half profit improvement was helped by the effects of the reorganisation half way through 1991 and the second half by higher activity levels than in the previous year. Our success in winning new NHS contracts and the provision of a new health screening service for insurance companies contributed to this improvement. The effect for the year was an improvement in profits to £1.53 million (1991: £1.26 million).

Nestor Medical Services, our hospitals and nursing homes division, continued to experience difficulties with certain medical insurers for reimbursement of the cost of in-patient rehabilitation. This depressed the performance, particularly in the first half of the year. The overall profits of the division, however, improved as the year progressed helped by an excellent performance from our psychiatric hospital, Ticehurst House, and an increased profit from our nursing homes. In spite of these improvements, the profit for the year was down, at £0.86 million (1991: £1.62 million).

Nestor Medical Deputising once again produced revenue growth and, despite increased competition in certain areas, a higher profit at £1.20 million (1991: £1.14 million).

Specialist Personnel

The UK economic recession continued to affect the results of our specialist personnel divisions during 1992.

Scott-Grant maintained its activity at a level similar to 1991 as a result of increased focus on Technical Services, which grew strongly. This offset the decline experienced in the main Management Services part of the business and a profit of £0.28 million was produced (1991: £0.30 million).

Hewitson-Walker, which places temporary accountants in the Greater London area, had to contend with the continuing recession in

the region and its profits were lower at £0.79 million (1991: £1.13 million). During recent months there has been some improvement in revenues and profits but whether this is a seasonal or a general improvement in the market is difficult to gauge at this stage.

In my interim statement I advised you that we were looking for a further investor for Nutri/System (United Kingdom) Limited, the weight-loss company in which the Company has a minority investment. At that stage we were uncertain as to the outcome of the search and wrote off our investment of £1.03 million. This search for a new investor has proved unsuccessful and the weight-loss centres have now closed. In the circumstances, and taking account of the current depressed state of the property market, your Board has decided to make a provision of £1.50 million in respect of our net obligations under the Nutri/System leases which the Company has guaranteed.

CASH FLOW AND BORROWINGS

We continue to place strong emphasis on cash management within the Group and at the year end the net borrowings were £13.23 million compared with £13.48 million at the start of the year. The movement in the US\$ exchange rate from \$1.88 at the start of the year to \$1.51 at the end produced an adverse effect on our net borrowings of £1.31 million. Before account is taken of this factor the Group generated a net cash inflow of £1.56 million (1991: £2.16 million).

The reduction in borrowings and lower interest rates also produced a lower net interest charge for the year, and a level of interest cover of 4.3 times (1991: 4.5 times).

ACQUISITION OF BUPA NURSING SERVICES

On 1st March 1993 we reached agreement with BUPA Health Services to purchase the share capital of BUPA Nursing Services Limited for £0.40 million. BUPA Nursing Services has assets of £0.74 million and external borrowings of £1.80 million, and in 1992 made an operating profit before BUPA central costs, of £0.28 million.

CHAIRMAN'S STATEMENT

In order to finance the acquisition a new seven year secured loan for £5.81 million has been arranged and to provide the required security for this loan the Group's property finance lease has been repaid at a total cost of £2.99 million.

Combining BUPA's nursing agency business with BNA will provide scope for increased market penetration and more cost effective use of BNA's central resources. This acquisition will greatly strengthen one of our core businesses and underlines our intention to further develop our healthcare activities.

THE BOARD

As has already been announced, I shall be retiring as Chairman on 31st May 1993. Mike Rogers, currently Chief Executive, will succeed me as executive Chairman. Francis Howard, a non-executive director since 1987 will become Vice-Chairman and Chairman of the Audit and Compensation Committees of the Board. Alan Pilgrim, currently Managing Director of BNA, our UK nursing agency business, will become Group Managing Director with specific responsibility for the Group's healthcare activities.

It has been a privilege to serve as your Chairman for the past four years and I would like to take this opportunity to thank shareholders, colleagues and staff for their support during my term of office.

Since the year end the Board has been further strengthened by the appointment of two new non-executive directors, Nicholas Ward and Dr Charles Goodson-Wickes, MP.

CORPORATE GOVERNANCE

In December 1992 the Cadbury Committee on Financial Aspects of Corporate Governance published its final report which included a Code of Best Practice. Nestor-BNA fully supports the need for effective corporate governance and I am pleased to say that the Group complies with all of

the Cadbury Code provisions for which guidelines have been prepared.

The Board of Directors, which currently consists of five executive and five non-executive directors, meets regularly throughout the year, usually monthly. At these meetings there is full and open discussion of all important issues of operational performance, strategy and management succession.

There are two Board committees, both with formal constitutions. The Audit Committee, currently chaired by me, comprises non-executive directors appointed by the Board and meets at least twice a year. This committee ensures that appropriate accounting policies and compliance procedures are in place and observed, and provides a forum through which the Group's external auditors report to the Board of Directors. The Compensation Committee, also chaired by me, comprises non-executive directors appointed by the Board and meets during the year whenever necessary. Its prime task is to measure the performance of executive directors and certain key executives as a prelude to setting their annual remuneration, bonus awards and longer term incentives, including share options.

OUTLOOK

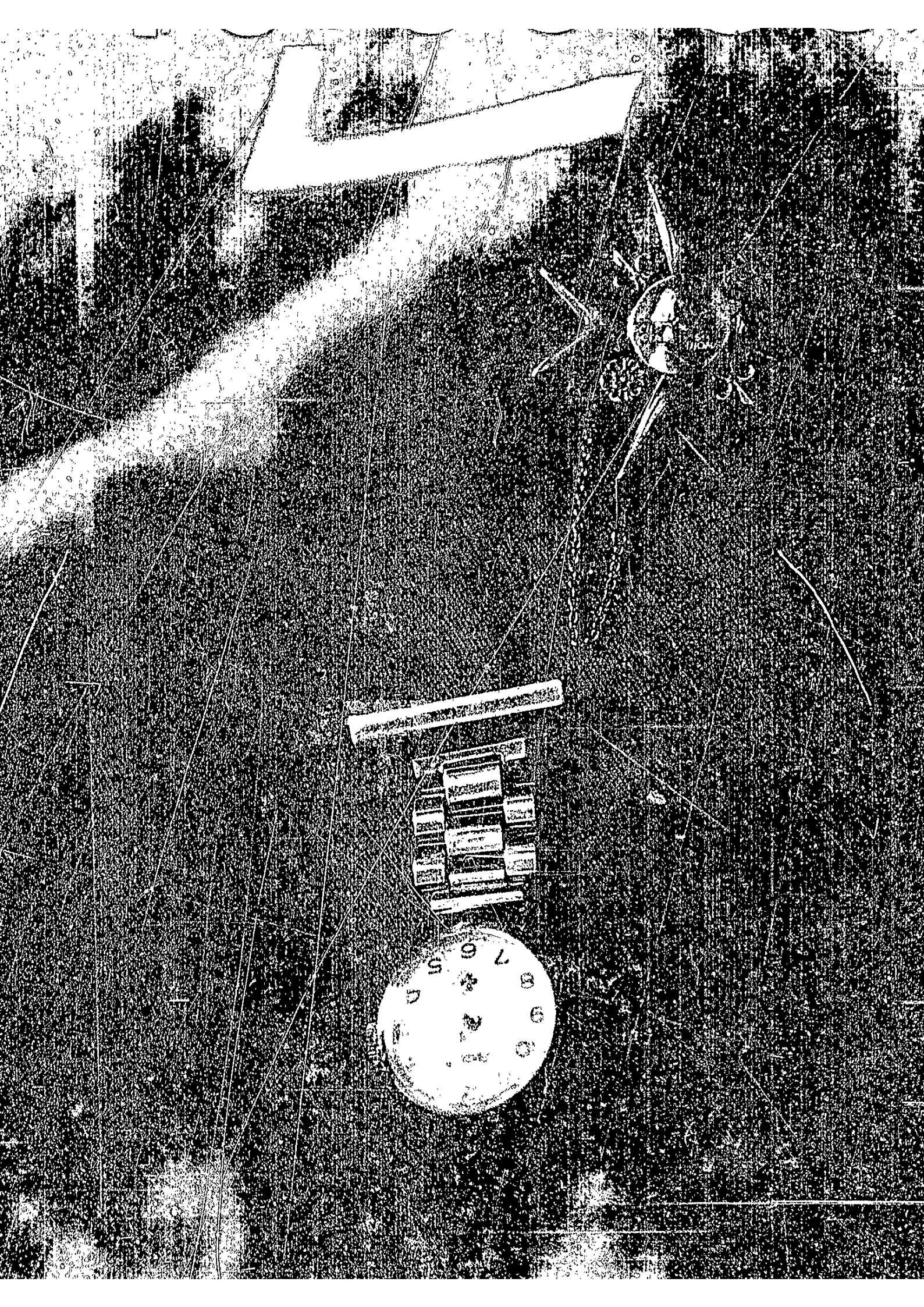
The outlook for the economies of the USA and the UK is improving, but the current uncertainties in the healthcare markets, particularly in the USA, make it difficult to predict the outcome for the Group in 1993.

However, we continue to improve the efficiency of our businesses and develop new market opportunities for them.



John Hann
Chairman

30th March 1993



INTRODUCTION

The recessions in the USA and the UK were deeper and more prolonged than most of us had anticipated. Rising levels of unemployment, low business and consumer confidence and low levels of labour turnover led to reduced demand in many of our major markets for a third year in succession. The Group's main activity is the provision of temporary healthcare personnel in the USA and UK. We also provide, in the UK, a range of other medical services and temporary specialist personnel. 84% of the Group's profit was derived from the supply of healthcare personnel and services and 16% from the supply of other specialist personnel.

HEALTHCARE IN THE USA

In 1992, unemployment in the USA climbed to a peak of 7.6%, and occupancy levels in hospitals declined. As people became worried about the future generally, they began to doubt the certainty of their employment. As a result, many part-time nurses and other healthcare personnel sought full-time employment and temporary workers sought permanent positions. Consequently, hospitals which had been substantial users of travel nurses in the past reduced their requirements.

MRA

MRA, which is one of the leading suppliers of travel nurses and allied healthcare personnel, responded to this situation with a determined marketing initiative aimed at increasing the number of client hospitals. MRA now has, in spite of the recession, a higher number of active client hospitals than before. Currently, these client hospitals use a small number of our personnel but MRA is now much better placed to take advantage of any increase in demand for nursing and other healthcare disciplines.

There are several different regional economies in the USA. Some have suffered more in the current recession than others. California, which had previously been extremely resilient as a market, and was a

major user of travel nurses, has been badly affected. To compensate for this, MRA has been concentrating its efforts on those regions which have better immediate economic prospects. Some of these are already showing signs of recovery.

Our increased focus on non-nursing healthcare personnel, such as rehabilitation therapists, continued and, in 1992, 22% of MRA's revenue was derived from this source (1991: 13%). Despite increases in this market, assignments for nurses reduced and MRA's revenue of £20.3 million was 23% below the previous year and operating profit of £1.96 million was 40% lower.

On the 24th August 1992 Hurricane Andrew hit Florida causing considerable damage and disruption. Whilst MRA suffered some minor damage and was without communications for a day, many in Florida were much less fortunate, their homes and belongings were destroyed and they were without essential services for many days. I am very pleased to report that the MRA travel nurses and therapists on assignment in and around the devastated area stayed on and worked throughout the emergency in difficult conditions. Management and staff at MRA also organised a consignment of essential supplies to be delivered to the needy in the more devastated areas.

During the year further improvements were made to MRA's information systems to ensure that those MRA staff who are in direct touch with hospital clients and nurse clients have all the information they need to provide a speedy, effective and competitive service.

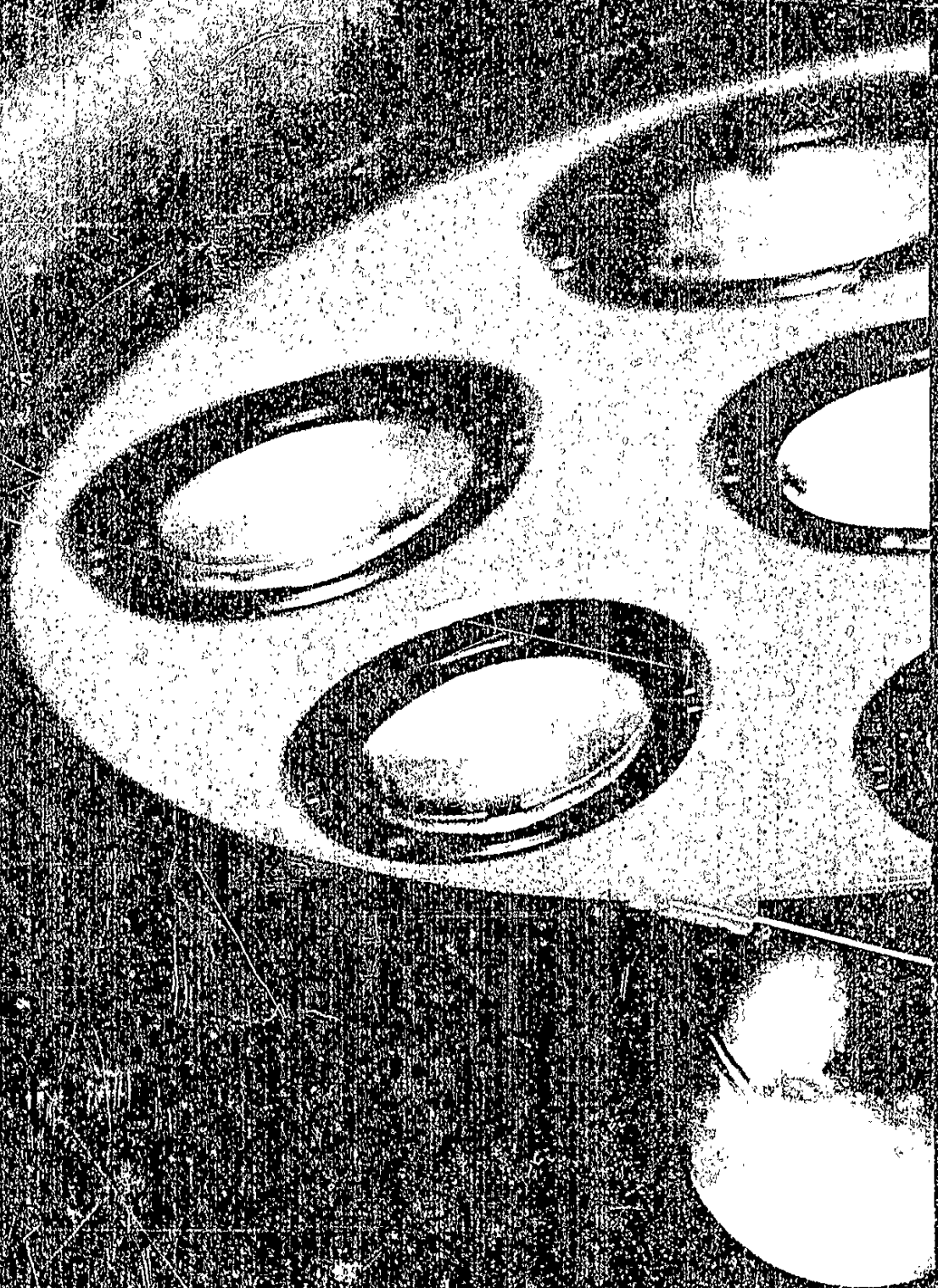
UK HEALTHCARE

In the UK, although the reforms of the National Health Service are still at an early stage, the introduction of the purchaser/provider split, GP fundholding and the concept of an internal market have led to increased efficiency in some areas but have also produced some uneven patterns of services.

In the private sector, medical insurers have continued to put pressure on service providers' margins.

Nurses, doctors and therapists working through MRA and MRA provided over 75 million hours of service in the year

16-06-93



OPERATIONAL AND FINANCIAL REVIEW

BNA

BNA is the largest agency for nurses and carers in the UK with a national network of over 100 branches through which temporary nurses and carers are called upon, usually at short notice, to undertake a wide variety of assignments. Currently, it has approximately 55,000 temporary nurses and carers on its registers.

Although market conditions were difficult and competition was intense, we made a further step towards recovery in 1992 with revenue up 6% at £46.4 million and operating profit 21% higher at £1.53 million.

In 1992, our nurses and carers carried out 6.2 million hours of care. The relative sizes of the markets we serve are as follows: Private patients (home care) 41%, NHS hospitals 29%, nursing homes 13%, industry 9%, private hospitals 2% and others (for example, social services, schools and prisons) 6%. During 1992, BNA grew all of these markets except nursing homes.

One of the effects of the NHS reforms is that more Health Authorities are now inviting tenders for the supply of temporary nursing and care staff. During the year we won 11 of the 15 contracts we bid for. Although gross margins on these contracts tend to be lower than in other markets, there is usually a known quantity of work which can be planned for and managed cost-effectively.

Marketing initiatives to improve our market share in other areas and to introduce new services have taken place throughout the year. One such initiative, which is showing early promise, is an arrangement under which appropriate BNA nurses complete a comprehensive questionnaire and carry out limited screening of people who have applied for life assurance. This service, which is arranged for several major insurance companies, has grown to approximately 2,000 assignments a month although it was only introduced on a national basis in October 1992. We also carry out a screening service for substance abuse on behalf of an increasing number of employers.

Towards the end of the year, BNA acquired Remedy Medical. This extended

BNA's activities to include hospital doctors and increased our involvement in the provision of physiotherapists and occupational therapists.

The new system for delivering community care starts on 1st April 1993. BNA held many meetings with local authorities during 1992 and, although it is early days, we already have contracts with some local authorities to provide care.

Since the year end, we have acquired BUPA Nursing Services Limited (BNSL), a network of 15 nursing agency branches with approximately 9,000 nurses and carers on its registers. BNSL is a well-established business with an excellent reputation and a client profile similar to our own. By combining the two businesses we will increase our ability to provide a cost-effective service.

Nestor Medical Services

NMS owns three hospitals, Unsted Park (medical rehabilitation), New Hall (medical surgical) and Ticehurst House (psychiatry) and two nursing homes, Thames Bank and Woodlands. NMS also manages Higham Grange Hospital (rehabilitation) for Leicestershire Health Authority.

In 1991, some medical insurers changed their policy on the extent to which they would reimburse patients receiving in-patient rehabilitation treatment. The question was not whether rehabilitation was of benefit to the patient but whether the medical insurer was under a contractual obligation to pay for the treatment. This change in interpretation had a dramatic impact on the number of admissions and their length of stay at Unsted Park in the second half of 1991 and throughout 1992. The position has, however, now stabilised although the numbers of insurance reimbursed patients are still lower than in previous years.

Ticehurst House continued to build on the excellent progress made the year before and, in 1992, it celebrated its 200th Anniversary as a psychiatric hospital and produced record results for the third year in succession.

New Hall Hospital, as a result of the economic factors mentioned above, suffered

NMS hospitals carried out over 4,200 surgical and medical procedures in 1992



reduced occupancy during the year.

Our nursing homes, Thames Bank and Woodlands produced an overall increase in occupancy, revenue and profit during the year.

All of Nestor Medical Services' facilities continued to generate profits in 1992. Although we started from a low base, the level of profits improved as the year progressed. However, for the year as a whole the effect of the lower rehabilitation and acute surgical occupancy levels was a reduction in operating profit to £0.86 million (1991: £1.62 million).

Nestor Medical Deputising

In 1992, NMD maintained steady progress. Revenue was 11% higher at £7.8 million and the operating profit was 5% higher at £1.20 million.

NMD operates medical duty services from centres in Liverpool, Birmingham, St. Helens, Wolverhampton, Stoke and Manchester. This division's main activity is to visit patients at home during the night or at weekends on behalf of client general practitioners. These visits are carried out by NMD's deputies, all of whom are qualified doctors with experience of general practice.

A general practitioner has a 24 hour responsibility for his patients but is not obliged to be personally available at all times. The delegation of duties to others is made either through partnership arrangements, local ad hoc agreements or by employing a deputising service. The use of a deputising service has been employed by the majority of GP's in large conurbations throughout the UK for over 25 years. Deputising services have become an accepted integral part of the primary care system, especially in inner city areas. Employing a deputising service enables GP's to enjoy off-duty periods and a good night's sleep, allowing them to attend to their patients' needs more efficiently.

All calls referred to NMD's services are meticulously recorded and then transmitted by two-way radio to duty doctors who are accompanied by either a navigator or driver. Clinical reports of every visit made are

delivered to GP's to keep them fully informed and to ensure continuity of care.

NMD's centres are supervised by its medical directors who are responsible for the control of both operating and medical standards, ensuring that patients are visited promptly and are satisfied with the medical service provided.

In addition to its main activity, NMD provided the annual requirement of post graduate education courses for 235 general practitioners in the Midlands and North West during the year.

OTHER SPECIALIST PERSONNEL

Our temporary employment activities benefit most from conditions of low white collar unemployment and high labour turnover. Significant features of the UK recession, which continued throughout 1992, have been the high degree of white collar unemployment and extremely low levels of voluntary labour turnover. Consequently, our specialist personnel companies continued to operate in very difficult markets during the year.

Scott-Grant

Based in Manchester and with five regional offices, Scott-Grant is involved in four principal activities: management services with a particular focus on productivity improvement, the supply of technical personnel on a temporary basis, computer services and training. The computer services and training tend to be linked to productivity improvement.

The increased focus on technical services which had produced promising improvements in 1991 continued in 1992 and increased sales to this market offset a decline in sales of management services where demand from traditional manufacturing and services clients remained weak. Total sales remained constant at £6.0 million but the increased proportion of lower margin technical services work and general economic pressure on margins led to a decrease in operating profit to £0.28 million (1991: £0.30 million).

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OPERATIONAL AND FINANCIAL REVIEW

Hewitson-Walker

Hewitson-Walker specialises in the provision of temporary qualified and part-qualified accountants to a wide range of clients in the Greater London area.

The recession affected London and the South East early and it deepened in 1992. Consequently, Hewitson-Walker has been operating under very difficult market conditions since the second half of 1990. As a result of determined marketing efforts and careful control of costs, Hewitson-Walker's management performed well in difficult circumstances. Turnover for the year was £5.5 million (1991: £7.0 million) and operating profit £0.79 million (1991: £1.13 million).

FINANCIAL RESULTS

Against the background of depressed economies in the USA and UK the Group's turnover for the year reduced by 4% to £96.3 million (1991: £100.5 million).

Profit before tax also reduced, to £4.24 million (1991: £5.31 million), mainly as a consequence of the lower profits from our USA nursing agency, the UK hospitals and nursing homes division and the UK temporary accountants division. Although the NHS experienced continued financial constraints in 1992, BNA increased its provision of nurses to the NHS and to most of its other market sectors, to produce an encouraging profit advance for the year. The doctors' deputising division also performed well.

The average corporation tax rate increased for the year to 24.2% (1991: 18.9%). This rate reflects the availability of allowable deductions against the profits of MRA.

Earnings per share were 4.30p (1991: 5.81p).

CASH FLOW AND BORROWINGS

Consistent efforts throughout the year to minimise working capital and optimise cash flow helped reduce the interest charge to £1.30 million (1991: £1.52 million) and produce a level of interest cover of 4.3 times (1991: 4.5 times). The cash inflow for the

year was £1.56 million (1991: £2.16 million). The movement in the US\$ exchange rate during the year, from \$1.88 to \$1.51, increased the sterling value of our net dollar borrowings by £1.31 million and limited the reduction in the borrowings. At the year end net borrowings were £13.23 million (1991: £15.54 million). The Group's borrowings are mainly medium term with £13.86 million of loans having repayments between 2 and 5 years and at the year end there was an excess of cash over short term borrowings of £0.63 million.

CAPITAL EXPENDITURE

Capital expenditure during the year was £1.08 million (1991: £0.29 million). The main elements of expenditure were the costs of refurbishing our offices and rehabilitation centre and enhancing the communications networks at our UK nursing agency and doctors' deputising divisions, expenditure which will further improve the level of service provided to our clients and customers.

EXTRAORDINARY ITEM

Efforts to find a new investor to secure the necessary financial support to develop Nutri/System (United Kingdom) Limited have not been successful. As a consequence the full amount of the Company's share and loan investment of £1.03 million in the venture has been written off as an extraordinary item. In addition, the Company has given guarantees in respect of certain properties leased to Nutri/System (United Kingdom) Limited. Nutri/System Inc., has agreed to honour 50% of these lease guarantees. In view of the uncertainty of the property market the directors have made an extraordinary provision in respect of the Company's net obligations under these leases of £1.50 million, making a total extraordinary charge for the year of £2.53 million.

SHAREHOLDERS' FUNDS

The shareholders' funds reduced during the year due to the write-off and provision in respect of our investment in Nutri/System

NMD's doctors carried out over 350 000 patient visits in 1992

16-06-93



OPERATIONAL AND FINANCIAL REVIEW

(United Kingdom) Limited, of £2.53 million, and the effect of a stronger dollar, £0.82 million. The net result was a level of shareholders' funds at the year end of £7.35 million (1991: £9.82 million).

ACQUISITION OF BUPA NURSING SERVICES

In March 1993 the Company purchased the share capital of BUPA Nursing Services Limited for £0.40 million. BUPA Nursing Services has assets of £0.74 million and external borrowings of £1.80 million.

In order to finance the acquisition, the Group's property finance lease has been repaid and the freehold properties released, and other property, used to secure a new seven year medium term loan for £5.81 million. The amount repaid under the finance lease and costs associated with the purchase of the freehold amounted to £2.94 million.

GROUP OUTLOOK

In the USA, President Clinton has made clear his intentions to introduce healthcare reforms. It is too early to know which of the several alternatives is most likely to be chosen but we are encouraged to note that the President seems inclined towards universal access to healthcare, although considerable attention to cost containment is inevitable. There are over 35 million Americans who currently find access to healthcare extremely difficult as they do not have medical insurance and they are neither old enough nor poor enough to qualify for the Medicare and Medicaid programmes. Naturally, we are monitoring the situation very closely and will be alert to any opportunities that change may bring. It is unlikely that any healthcare reforms in the USA will have much effect before 1994 at the earliest. Our performance in 1993 will, therefore, be determined more by a continuing recovery of the economy and our own initiatives than by the results of the current debate.

Although our UK results are likely to improve as the economy improves there are significant influences at work in the UK healthcare market which will, we believe, create further opportunities for us. The Government's NHS reforms are working their way through the system and the internal market is now forcing the pace of change.

After a two year delay, the long awaited new system for delivering community care to millions of elderly, mentally ill, disabled and other vulnerable sections of the population in Britain will be introduced with effect from 1st April 1993. The aim is to provide services and support to enable such people to live as independently as possible in their own homes or, if more appropriate, in a nursing or residential care home. Until now there has been a bias towards residential care. The next few years should see a reduction in the numbers admitted to residential or nursing homes if they can be cared for in their own homes. These changes will apply to people needing care or services for the first time after 1st April 1993. At the heart of the new system is the principle that the need for care is properly and professionally assessed by local authorities although the existing responsibilities of the NHS, Housing and Social Services departments will remain much the same. It is intended that a substantial proportion of services will be purchased by the local authority under contract from organisations in the independent sector. With our wide range of healthcare services, in particular our national network of nursing agency branches, we are well placed to assist local authorities in the provision of care.

Mike Rogers.

Michael Rogers
Chief Executive

Mike Rogers, 59, is Chief Executive. He joined BNA in March 1976 and became Managing Director in October of that year. He became Group Managing Director in May 1978 and joined the Board of Nestor-BNA when it was formed in March 1986. He is a member of the Executive Committee of the Federation of Recruitment and Employment Services.

Clive Chapman, 44, is Group Finance Director. He joined Nestor-BNA in September 1990. Before joining the Group he was Group Finance Director of ITL Information Technology plc and prior to that, Group Financial Controller of the P&O Group.

John Cockburn, 51, is Managing Director of Nestor Medical Deputising. He was appointed Medical Director of Liverpool Locums in 1973 and joined the Board of Nestor-BNA in March 1986.

Alan Pilgrim, 41, is Managing Director of BNA. He joined the Nestor-BNA Group in October 1989 as Director of Operations of Nestor Medical Services. Before joining the Group he was Director of Operations of the UK subsidiary of Hospital Corporation of America. He became Managing Director of BNA and joined the Board of Nestor-BNA in June 1991.

Jennifer Priestley, 46, is Managing Director of Nestor Medical Services. In 1971 she joined Nestor Nursing Homes and ran Unsted Park as Matron. She became Managing Director of Nestor Medical Services in 1985 and joined the Board of Nestor-BNA in March 1986.

In addition to their normal duties as Board members, non-executive directors constitute two special purpose committees, the Audit and Compensation Committees.

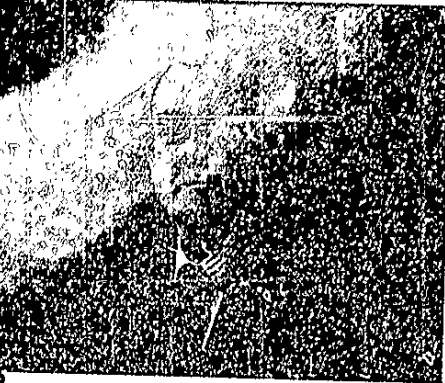
John Hann, 66, joined the Board in November 1986 and was appointed Chairman in May 1989. He was previously Chairman of Boots the Chemist Limited. He is a non-executive director of Clifford Foods plc.

Viscount Bridgeman, 62, joined the Board in November 1988, having previously been a member prior to the Company's flotation. He was formerly a director of, and is now a consultant to, Guinness Mahon & Co. Limited. He is also a special trustee for Hammersmith & Acton Hospitals.

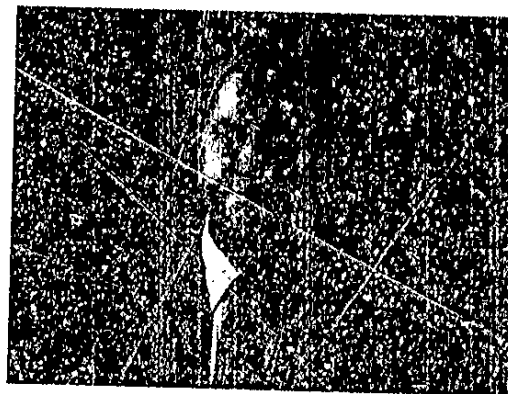
Charles Goodson-Wickes, 47, MP for Wimbledon, joined the Board in February 1993. He is an occupational physician in private practice, a barrister and is Parliamentary Private Secretary to the Minister of State for Housing and Planning. He is a member of a wide range of Parliamentary committees and has a number of medical appointments in industry and commerce.

Francis Howard, 57, joined the Board in June 1987. He is a director of Howard Perry Associates Limited, business and financial consultants. He was previously Finance Director of Charter Consolidated PLC and is a non-executive Director of Hawtal Whiting Holdings plc, Consolidated Communications Management Limited and other companies.

Nicholas Ward, 51, joined the Board in February 1993. He is Group Managing Director of The Brent Walker Group PLC and a non-executive member of the Oxford Regional Health Authority. He was previously Chairman and Chief Executive of Macarthy plc, the healthcare group.



John C. Fulbright



John C. Fulbright



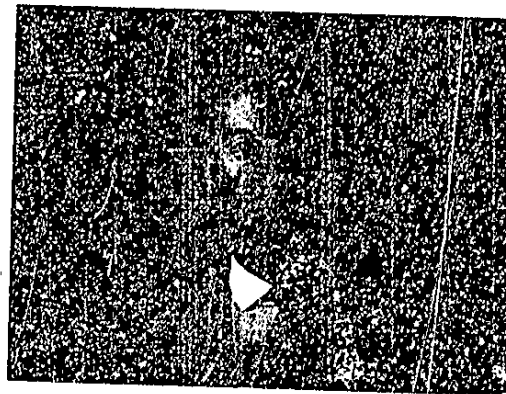
John C. Fulbright



John C. Fulbright



Viscount Bridgman



Charles Davidson Wickes



Francis H. Ford



Andrews Wickel

REPORT

The directors present their report and the audited financial statements for the year ended 31st December 1992

GENERAL AND FUTURE DEVELOPMENTS

Nestor-BNA plc is the holding company of a group of companies in the healthcare and specialist personnel sectors. The principal activities of the Group are

- the provision of travel nursing services throughout the United States of America,
- the provision of nurses and carers through the largest nursing agency network in the United Kingdom,
- the provision of care in a medical rehabilitation centre, an acute surgical hospital, a psychiatric hospital and two nursing homes,
- the provision of doctors' deputising services in the North West of England and the West Midlands,
- the provision, on a temporary contract basis, of specialist supervisory, technical and computer personnel throughout the United Kingdom,
- the provision, on a temporary basis, of qualified and part-qualified accountants primarily in the Greater London area.

The accompanying Chairman's Statement and Operational and Financial Review report on the Group's activities, trading results and future developments.

On 9th November 1992 the Company announced the purchase of the business of Remedy Medical for cash consideration of £94,500. A further sum of up to £30,000 is payable depending on the results of the business in the period to December 1993.

RESULTS AND DIVIDENDS

The profit for the year after taxation and an extraordinary charge of £2,534,000 was £681,000. An interim dividend of 1.15p per Ordinary Share was paid on 30th October 1992. The directors recommend a final dividend of 2.00p per Ordinary Share. Following the payment of all dividends for the year, totalling £2,357,000, an amount of £1,676,000 will have been transferred from reserves.

FIXED ASSETS

Information relating to the changes in fixed assets is given in Notes 14 and 16 to the financial statements.

DIRECTORS

The directors who served during the year were H J Hann*, M G Rogers, Viscount Bridgeman*, C R Chapman, J J Cockburn, F J A Howard*, A J T Pilgrim and J Priestley.

C Goodson-Wickes* and C J N Ward* were appointed to be directors on 1st February 1993.

* non-executive directors

Other Board appointments have been announced and are referred to in the Chairman's Statement.

In accordance with the Articles of Association, C Goodson-Wickes and C J N Ward will retire at the Annual General Meeting, and being eligible, will offer themselves for re-election.

Two directors, F J A Howard and C R Chapman, will retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

C R Chapman has a service agreement with the Company terminable by the Company on not less than three years' notice expiring at any time.

F J A Howard has no service agreement.

The beneficial and family interests of the directors in the share capital of the Company according to the register of directors' interests maintained by the Company under Section 325, Companies Act 1985 were

	Ordinary Shares		Share Options			
	31.12.92	31.12.91	Employee Scheme		SAYE Scheme	
			31.12.92	31.12.91	31.12.92	31.12.91
H J Hann	30,629	30,629	—	—	—	—
M G Rogers	*706,601	*786,601	206,094	206,094	20,089	20,089
Viscount Bridgeman	27,463	27,463	—	—	—	—
C R Chapman	—	—	140,000	140,000	20,089	20,089
J J Cockburn	*20,141	*25,141	106,312	106,312	—	—
C Goodson-Wickes	† —	—	—	—	—	—
F J A Howard	12,251	12,251	—	—	—	—
A J T Pilgrim	*3,188	*3,188	114,250	114,250	20,089	20,089
J Priestley	*416,629	*416,629	111,812	111,812	—	—
C J N Ward	† —	—	—	—	—	—

* includes shares held by virtue of the Nestor-BNA Profit Sharing Scheme

† as at 1st February 1993, the date of appointment as a director

Notes

1. None of the directors has any non-beneficial interest in the Company's share capital
2. Between 31st December 1992 and the date of this report there were no changes in the interests of the directors in the share capital of the Company.
3. No director was materially interested in any contract of significance (apart from contracts of service) with any Group company during or at the end of the financial year.
4. The Company has maintained insurance for directors and officers against liabilities in relation to the Company during the year.

SUBSTANTIAL SHAREHOLDERS

At the date of this report, the Company has been notified of the following interests of 3% or more in the ordinary share capital.

	Number	Percentage of issued share capital
Schroder Investment Management Limited, as investment manager	6,100,000	8.15%
Prudential Corporation Group, including clients' managed funds	6,050,548	8.08%
Standard Life	5,236,386	7.00%
Framlington Group plc	4,831,200	6.46%
Barclays Bank PLC, non-beneficial	4,528,512	6.05%
Alliance Capital	3,741,333	5.00%
3i Group plc	3,618,789	4.84%
Abbey Life Investment Services Limited	3,583,691	4.79%
Scottish Amicable Investment Managers Limited	3,385,000	4.52%
National Westminster Bank Plc, non-beneficial	2,443,066	3.26%
Friends Provident Group	2,424,883	3.24%

SHARE CAPITAL

Details of the authorised and issued share capital of the Company during the year ended 31st December 1992 are given in Note 23 to the financial statements.

Information regarding share options issued and exercised under the Nestor-BNA Employee Share Option Scheme and the Nestor-BNA Savings Related Share Option Scheme, of which none occurred during the year ended 31st December 1992, is given in Note 29 to the financial statements.

During the year no shares were allocated to employees under the Nestor-BNA Profit Sharing Scheme. An Ordinary Resolution will be proposed at the Annual General Meeting to authorise the directors to amend the Rules of the Nestor-BNA Savings Related Share Option Scheme.

POWER TO AUTHORISE TO ISSUE SHARES

A Special Resolution will be proposed to the Annual General Meeting on 20th May 1993 seeking authority for the directors to issue shares of the Company within certain constraints as set out in the Notice of Annual General Meeting. This resolution is similar to the corresponding resolutions passed in previous years. The proposed authority limit in this resolution is £374,000 and represents approximately 5% of the Company's issued share capital. If approved by the Meeting, this power will continue until the next Annual General Meeting of the Company.

RECENT EVENTS

On 1st March 1993 the Company acquired the entire issued capital of BUPA Nursing Services Limited for £400,000 cash consideration. Further details are included in the Chairman's Statement and the Operational and Financial Review.

CHARITABLE AND POLITICAL DONATIONS

During the year the Group made contributions to United Kingdom charitable organisations of £800. No political donations were made.

TAXATION STATUS

The Company is not a close company within the provisions of the Income and Corporate Tax Act 1988.

DISABLED EMPLOYEES

It is the Group's policy that disabled persons should be considered for employment, training, career development and promotion on the basis of their abilities and aptitudes in common with all employees.

EMPLOYEE INVOLVEMENT

Various methods are used by the Company to ensure that all its employees are provided with information concerning them as employees, particularly the economic and financial factors affecting the Company's performance.

Internal circulars and newsletters are issued regularly and regular consultation and discussions between management and their staff are strongly encouraged.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Coopers & Lybrand, Chartered Accountants, as auditors to the Company will be put to the Annual General Meeting.

Approved by the Board on 30th March 1993 and signed on its behalf by

J Wood
Secretary

DIRECTOR RESPONSIBILITIES
in respect of the preparation of financial statements

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the profit of the Group for the period to that date. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and in accordance with applicable accounting standards. In addition, the directors are required

- o to select suitable accounting policies and then apply them consistently;
- o to make judgements and estimates that are reasonable and prudent;
- o to take account of expenses and income relating to the period being reported on, whether or not they have been paid or received in that period; and
- o to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements. The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the group, and for preventing and detecting fraud and other irregularities.

AUDITOR'S REPORT

We have audited the financial statements on pages 26 to 43 in accordance with Auditing Standards

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December 1992 and of the profit and cash flow of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand.

Coopers & Lybrand

Chartered Accountants and Registered Auditors

London

30th March 1993

FINANCIAL STATEMENTS

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CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the period ended 31st December 1992

	Notes	1992 £000	1991 £000
TURNOVER	23	96,314	100,536
Cost of sales		(75,512)	(77,265)
GROSS PROFIT		20,802	23,271
Administrative expenses		(15,258)	(14,608)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEM	3,4,5,6	5,544	7,663
Exceptional item	7	—	(810)
OPERATING PROFIT AFTER EXCEPTIONAL ITEM		5,544	6,853
Interest payable less receivable	8	(1,304)	(1,518)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,240	5,335
Taxation	9	(1,025)	(1,005)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,215	4,330
Extraordinary item	10	(2,534)	—
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	11	681	4,330
Dividends	12	(2,357)	(2,469)
RETAINED FOR THE YEAR	24	(1,676)	1,861
EARNINGS PER SHARE	13	4.30p	5.81p
DIVIDENDS PER SHARE	12	3.15p	3.15p

CONSOLIDATED BALANCE SHEET

as at 31 December 1992

	Notes	1992 £000	1991 £000
FIXED ASSETS			
Tangible fixed assets	14	18,294	18,273
Investments	16	—	1,051
TOTAL FIXED ASSETS		18,294	19,324
CURRENT ASSETS			
Stocks	17	213	215
Debtors	18	12,403	13,485
Cash at bank and in hand		5,271	2,815
		17,887	16,515
CREDITORS — AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(13,084)	(10,693)
NET CURRENT ASSETS		4,803	5,022
TOTAL ASSETS LESS CURRENT LIABILITIES		23,097	24,329
CREDITORS — AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
PROVISIONS FOR LIABILITIES AND CHARGES	20	(13,950)	(14,055)
Deferred taxation	22	(373)	(357)
Other	22	(1,421)	—
		7,353	9,817
CAPITAL AND RESERVES			
Called up share capital	23	7,484	7,484
Share premium account	24	1,205	1,205
Revaluation reserve	24	5,256	5,256
Acquisition reserve	24	(12,533)	(12,561)
Other reserves	24	551	1,367
Profit and loss account	24	5,390	7,066
		7,553	9,817

The financial statements on pages 26 to 43 were approved by the Board on 30th March 1993 and were signed on its behalf by

M. G. Rogers
G. R. Chapman

M G Rogers Director

G R Chapman Director

COMPAN BALANCE SHEET

as at 31 December 1992

	Notes	1992 £000	1991 £000
FIXED ASSETS			
Tangible fixed assets	14	5,245	5,279
Investments	16	46,003	45,248
TOTAL FIXED ASSETS		51,248	50,527
CURRENT ASSETS			
Debtors	18	16,942	22,979
Cash at bank and in hand		3,604	15
		20,604	22,994
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(14,402)	(16,300)
NET CURRENT ASSETS		6,202	6,794
TOTAL ASSETS LESS CURRENT LIABILITIES		57,450	57,321
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	20	(4,880)	(4,880)
PROVISIONS FOR LIABILITIES AND CHARGES	22	(1,421)	—
		51,149	52,432
CAPITAL AND RESERVES			
Called up share capital	23	7,484	7,484
Share premium account	24	1,205	1,205
Revaluation reserve	24	2,758	2,758
Other reserves	24	38,960	36,697
Profit and loss account	24	742	4,288
		51,149	52,432

The financial statements on pages 26 to 43 were approved by the Board on 30th March 1993 and were signed on its behalf by

M.G. Rogers

M G Rogers Director

C R Chapman

C R Chapman Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 1992

	1992 £000	1992 £000	1991 £000	1991 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES		7,735		9,098
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	(1,568)		(2,072)	
Interest received	235		781	
Dividends paid	(2,357)		(2,357)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(3,690)		(3,645)
TAXATION				
Corporation tax (including ACT) paid	(1,439)		(2,016)	
TAX PAID		(1,439)		(2,016)
INVESTING ACTIVITIES				
Purchase of business	(107)		—	
Purchase consideration adjustment	131		(255)	
Purchase of tangible fixed assets	(1,080)		(1,293)	
Sale of tangible fixed assets	88		272	
Costs relating to extraordinary item	(79)		—	
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,047)		(1,276)
NET CASH INFLOW BEFORE FINANCING		1,559		2,161
FINANCING				
Issue of ordinary share capital	—		(10)	
Expenses paid on share issues	—		5	
Repayment of finance lease	—		2	
Decrease in loans other than from banks	—		812	
Redemption of promissory notes	—		10,570	
Decrease in bank deposits	—		(10,570)	
NET CASH OUTFLOW FROM FINANCING		—		809
INCREASE IN CASH AND CASH EQUIVALENTS		1,559		1,352
		1,559		2,161

The notes to the Consolidated Cash Flow Statement are shown in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31st December 1992

NOTE 1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention as modified by the revaluation of land and buildings. Accounts are made up to the nearest practicable Friday to 31st December each year.

BASIS OF CONSOLIDATION

The Group financial statements comprise a consolidation of the financial statements of the Company and all its subsidiaries. Merger accounting principles are followed in respect of acquisitions which satisfy the conditions set out in Statement of Standard Accounting Practice Number 23. In accordance with the principles of merger accounting, comparative data is restated where merger accounting has been applied, and accounting policies are adjusted to be consistent with those of the Group. Acquisition accounting is used in respect of acquisitions which do not satisfy the conditions for merger accounting.

DEPRECIATION

Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to estimated residual value over the useful life of the asset to the Group. It is the Group's policy to maintain its properties in a state of good repair, and in the case of freehold and long leasehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold and long leasehold properties.

Other fixed assets are written off by equal instalments over their anticipated useful lives of between three and eight years.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred taxation is provided on the liability method where, in the opinion of the directors, it is probable that the liability will crystallise in the foreseeable future.

GOODWILL

Goodwill arises when the consideration paid for a business or company exceeds the fair value of the net tangible assets acquired. In the acquiring company's financial statements any goodwill arising is written off immediately against reserves at the date of acquisition, or in the case of deferred payments, the date of payment.

PENSION COSTS

Pension costs are charged to the profit and loss account in such a way as to provide for the liabilities evenly over the remaining working lives of the employees.

FINANCE LEASES

Where fixed assets are financed by leasing agreements which give rights approximately equivalent to ownership (finance lease) the assets are capitalised. The corresponding lease commitments are treated as obligations to the lessor.

FOREIGN CURRENCIES

The trading results and cash flow of overseas subsidiary undertakings are translated into sterling using the average rates of exchange. The balance sheets of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the year end. Exchange differences arising on translation into sterling are dealt with through reserves. The cost of the Company's equity investment in overseas subsidiary undertakings is translated at the ruling rate at the date of the investment, except in those instances where forward exchange contracts have been arranged, in which case the forward rate is used. Exchange differences arising on translation of foreign currency loans made by the Company to subsidiary undertakings are taken to the foreign exchange reserve in the Company's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1992

NOTE 2 TURNOVER

Turnover represents the amount invoiced net of value added tax.

NOTE 3 ANALYSIS OF TURNOVER, OPERATING PROFIT AND NET ASSETS

	Turnover		Operating profit	
	1992	1991	1992	1991
	£000	£000	£000	£000
Turnover and operating profit by geographical location				
United Kingdom	76,055	74,221	4,654	5,460
United States of America	20,259	26,315	1,955	3,257
Central costs, not allocated	—	—	(1,065)	(1,052)
	96,314	100,536	5,544	7,663

There is no material difference between the geographical analysis of turnover by origin and by destination.

Turnover and operating profit by business activity

Healthcare				
Nursing agencies — USA	20,259	26,315	1,955	3,257
Nursing agencies — UK	46,380	43,659	1,531	1,261
Hospitals and nursing homes	10,364	10,468	863	1,623
Doctors' deputising services	7,848	7,046	1,199	1,144
Other specialist personnel				
Productivity improvement specialists	5,983	6,016	276	299
Temporary accountants	5,480	7,032	785	1,133
Central costs, not allocated	—	—	(1,065)	(1,054)
	96,314	100,536	5,544	7,663

	Net operating assets	
	1992	1991
	£000	£000
Analysis of net operating assets		
By geographical location		
United Kingdom	46,045	47,987
United States of America	29,855	30,656
	75,900	78,643

By business activity

Healthcare		
Nursing agencies — USA	29,855	30,656
Nursing agencies — UK	11,951	10,641
Hospitals and nursing homes	15,985	15,921
Doctors' deputising services	3,679	3,729
Other specialist personnel		
Productivity improvement specialists (see note below)	2,357	2,329
Temporary accountants	14,342	14,155
Central, not allocated	(2,269)	1,212
	75,900	78,643

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1992

NOTE 3 ANALYSIS OF TURNOVER, OPERATING PROFIT AND NET ASSETS – continued

	Net operating assets	
	1992	1991
	£000	£000
Reconciliation of net operating assets		
Capital employed per consolidated balance sheet	7,353	9,817
Loans and finance lease	16,109	13,932
Cash and cash equivalents	(2,881)	(453)
Goodwill written off	55,319	55,347
	75,900	78,643

Scott-Grant, the productivity improvement specialists, was accounted for under merger accounting rules and, as a consequence, goodwill arising from a fair value attributable to the consideration given for the acquisition is not included in the amount of net operating assets.

	1992	1991
	£000	£000

NOTE 4 OPERATING PROFIT

Operating profit is stated after charging (crediting)

Depreciation	1,054	1,074
Hire of plant & machinery	125	214
Auditors' remuneration – audit	121	137
Net profit on sale of tangible fixed assets	(20)	(42)
Rents received net of outgoings	(97)	(95)
Rent of premises	1,040	1,050

Remuneration of the Company's auditors in respect of other services during the year amounted to £140,000 (1991 – £93,000).

NOTE 5 EMPLOYEES

Employee costs		
Wages and salaries	13,733	12,918
Social security costs	1,081	982
Other pension costs	200	184
	15,014	14,084

	1992	1991
	Number	Number
Employee numbers		
The average number of persons employed by the Group during the year was		
full-time	813	815
part-time	864	951
	1,677	1,766

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 1992

	1992 £000	1991 £000
NOTE 6 DIRECTORS' EMOLUMENTS		
Employee costs include the following emoluments in respect of the directors		
Fees	55	55
Basic salaries and benefits	478	481
Bonus payments	18	13
Pension contributions	26	27
Compensation for loss of office to a former director	—	241
	577	817

Bonus payments are based on individual objectives linked to the Group's performance and set by the Compensation Committee, which also sets basic salaries and benefits.

The directors' emoluments disclosed above include amounts paid to

The Chairman		
Fees	25	25
Benefits	7	6
	32	31
The highest paid director		
Basic salary and benefits	138	130
Pension contributions	8	7
	146	137

Neither the Chairman nor the highest paid director received a bonus during the year (1991 – nil).

The number of directors (including the Chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges was

	1992 Number	1991 Number
£10,001 – £15,000	2	2
£25,001 – £30,000	—	1
£30,001 – £35,000	1	1
£35,001 – £40,000	—	2
£75,001 – £80,000	—	1
£80,001 – £85,000	2	—
£85,001 – £90,000	1	1
£90,001 – £95,000	—	1
£95,001 – £100,000	1	—
£130,001 – £135,000	—	1
£135,001 – £140,000	1	—

	1992 £000	1991 £000
NOTE 7 EXCEPTIONAL ITEM		
Reorganisation costs incurred in the UK nursing agencies division	—	840

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1992

	1992 £000	1991 £000
NOTE 8 INTEREST PAYABLE LESS RECEIVABLE		
On bank loans, overdrafts and other loans		
Repayable within five years, not by instalments	528	618
Repayable within five years, by instalments	1,011	—
Repayable wholly or partly in more than five years	—	1,075
Investment income – bank and other interest receivable	(235)	(115)
	1,304	1,518

NOTE 9 TAXATION

Corporation tax at 33% (1991 – 33.25%) on taxable profit for the year	1,192	1,319
Over-provision in previous years	(83)	(110)
Deferred tax	(84)	(204)
	1,025	1,005

The taxation charge reflects the availability of allowable deductions against the profits of MRA.

NOTE 10 EXTRAORDINARY ITEM

Write-off of investment in Nutri/System (United Kingdom) Limited	1,034	—
Provision for the Company's net obligations under the Nutri/System leases which the Company has guaranteed	1,500	—
	2,534	—

NOTE 11 PROFIT FOR THE YEAR

The profit for the year dealt with in the accounts of the Company amounts to £1,074,000 (1991 – £1,475,000), before transferring the effect of exchange movements of £2,263,000 (1991 – £255,000) to the foreign exchange reserve (see note 24). The profit retained by subsidiary companies is £1,870,000 (1991 – £3,080,000).

Under the provisions of Section 230 of the Companies Act 1985, the Company has not published its own profit and loss account.

NOTE 12 DIVIDENDS

Final dividend for 1990 paid on shares issued in 1991 to the vendors of Hewitson-Walker and Scott-Grant and not provided for in the financial statements of 1990
2,589,296 Ordinary Shares: 2.00p per share

	—	52
Dividends paid		
Ordinary Shares: 1.15p per share (1991 – 1.15p)	860	860
Dividends proposed		
Ordinary Shares: 2.00p per share (1991 – 2.00p)	1,497	1,497
	2,357	2,409

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1992

	1992	1991
NOTE 13 EARNINGS PER SHARE		
Earnings per share	4.30p	5.81p

The earnings per share is calculated on earnings of £3,215,000 (1991 - £4,300,000) and on the weighted average number of shares of 74,839,000 (1991 - 74,015,000).

No figure for fully diluted earnings per share is shown since the difference from the basic earnings per share is less than 5%.

NOTE 14 TANGIBLE FIXED ASSETS

	Land and buildings Freehold £000	Leasehold £000	Plant & equipment, fixtures & fittings £000	Total £000
GROUP				
COST OR VALUATION				
At 1st January 1992	8,937	5,383	6,868	21,188
Foreign exchange movements	—	—	85	85
Additions	59	3	1,018	1,080
On acquisition of business	—	—	4	4
Disposals	—	—	(252)	(252)
At 31st December 1992	8,996	5,386	7,723	22,105
DEPRECIATION				
At 1st January 1992	—	30	2,885	2,915
Foreign exchange movements	—	—	26	26
Eliminated on disposals	—	—	(184)	(184)
Charge for the year	—	16	1,038	1,054
At 31st December 1992	—	46	3,765	3,811
NET BOOK VALUE				
At 31st December 1992	8,996	5,340	3,958	18,294
At 31st December 1991	8,937	5,353	3,983	18,273
The cost or valuation of fixed assets held at 31st December 1992 was represented by				
1991 valuation	8,845	5,383	—	14,228
Cost	151	3	7,723	7,877
	8,996	5,386	7,723	22,105

Included in leasehold land and buildings is an amount of £5,138,000 in respect of assets held under a finance lease. The property is the land and buildings relating to New Hall Hospital. These assets were subject to a sale and leaseback agreement whereby, in June 1989, they were sold for £2,379,600 to a subsidiary of Hambros Bank Limited. In March 1993, in order to finance the acquisition of BUPA Nursing Services Limited, the Company re-purchased the freehold of the property to provide security for a new seven year medium term loan.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1992

NOTE 14 TANGIBLE FIXED ASSETS — GROUP — continued

The New Hall property and the land and buildings owned by Nestor Medical Services were valued at 28th November 1991 by John D Wood, Valuers & Surveyors, on the basis of open market value for existing use.

	1992 £000	1991 £000
If land and buildings had not been valued, they would have been included at their original cost of	5,061	(4,995)
	Land & buildings Leasehold £000	Plant & equipment, fixtures & fittings £000
		Total £000
COMPANY		
COST OR VALUATION		
At 1st January 1992	5,138	185
Additions	—	24
Disposals	—	(19)
At 31st December 1992	5,138	190
DEPRECIATION		
At 1st January 1992	—	53
Eliminated on disposal	—	(12)
Charge for the year	—	42
At 31st December 1992	—	83
NET BOOK VALUE		
At 31st December 1992	5,138	107
At 31st December 1991	5,138	132

The leasehold land and buildings of the Company at 31st December 1992 comprise the property held under the finance lease described above.

NOTE 15 CAPITAL COMMITMENTS

	Group	Company
	1992 £000	1991 £000
Capital expenditure that has been contracted but not provided for	369	52

At the year end, there was no capital expenditure which had been authorised by the directors but not contracted for (1991 — nil).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1992

NOTE 16 FIXED ASSETS INVESTMENTS

	Group £000	Company £000
At 1st January 1992	1,034	45,248
Write-off of investment in Nutri/System (United Kingdom) Limited	(1,034)	(1,034)
Adjustment in respect of Scott-Grant	—	(131)
Foreign exchange movements	—	1,920
At 31st December 1992	—	46,003

Except where stated, the following principal subsidiary companies are wholly-owned, operate in the United Kingdom, and are registered in England & Wales.

COMPANY	BUSINESS
Nestor-BNA, Inc. (United States of America)	Nursing agencies - USA
MRA Staffing Systems, Inc. (United States of America)*	
British Nursing Co-operations Limited* (trading as BNA)	Nursing agencies - UK
British Nursing Association Healthcare Services Limited* (trading as BNA Healthcare Services)	
Nestor Medical Services Limited	Hospitals and nursing homes
Nestor Medical Duty Services Limited	Doctors' deputising services
Scott-Grant (Management Services) Limited	Specialist personnel
Scott-Grant (Computer Services) Limited	
Scott-Grant (Technical Services) Limited	
Scott-Grant (Training Services) Limited	
Hewitson-Walker Limited	Specialist personnel

*The interest of the Company is held through an intermediate holding company.

(a) Scott-Grant

In accordance with the purchase agreement dated 25th November 1988, a repayment, after costs and interest, of £131,000 was made by the vendors to the Company on 30th March 1992.

(b) Nutri/System (United Kingdom) Limited

The Company has written off its investment in Nutri/System (United Kingdom) Limited. The investment, excluding costs, consisted of £82,400 in 'B' shares of £1 each, £247,600 non-interest bearing loan stock, and £670,000 unsecured interest bearing loan. The equity interest was 19.9%.

(c) Remedy Medical

On 9th November 1992, British Nursing Co-operations Limited acquired the assets and business of Remedy Medical, a nursing agency, for a cash consideration of £94,500. A further consideration of up to £30,000 is payable depending on the results of the business in the period to December 1993.

The assets and goodwill acquired were as follows:

	£000
Consideration paid	94
Acquisition costs	13
Total cost	107
Tangible fixed assets acquired	4
Goodwill arising	103

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1992

	Group		Company	
	1992 £000	1991 £000	1992 £000	1991 £000
NOTE 17 STOCKS				
Consumables and goods for resale	213	215	—	—

NOTE 18 DEBTORS

Trade debtors	11,314	12,138	—	—
Amounts owed by Group companies	—	—	13,905	18,295
Dividends receivable from Group companies	—	—	1,849	2,397
Other debtors	247	415	2	287
Prepayments and accrued income	842	932	96	78
Corporation tax	—	—	1,090	1,922
	12,403	13,485	16,942	22,979

NOTE 19 CREDITORS — AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	2,390	1,562	—	5,995
Loan other than from banks	2,246	—	—	—
Trade creditors	2,419	2,929	—	—
Amounts owed to Group companies	—	—	12,259	7,957
Dividends proposed	1,497	1,497	1,497	1,497
Corporation tax	713	1,043	226	287
Other tax and social security	1,387	1,607	18	12
Other creditors	1,042	976	29	187
Accruals and deferred income	1,390	1,079	373	265
	13,084	10,693	14,402	16,200

NOTE 20 CREDITORS — AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank loan	2,500	2,500	2,500	2,500
Loan other than from banks	8,983	9,052	—	—
Obligations under finance lease	2,380	2,380	2,380	2,380
Other creditors	87	123	—	—
	13,950	14,055	4,880	4,880

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1992

NOTE 21 NET BORROWINGS AND FINANCE LEASES

	Repayment dates	Interest rates	Group		Company	
			1992 £000	1991 £000	1992 £000	1991 £000
Secured						
Bank loan	1994	variable	2,500	2,500	2,500	2,500
Finance lease	1994	variable	2,380	2,380	2,380	2,380
Unsecured						
Bank overdraft	—	variable	2,390	1,562	—	5,995
Loan other than from banks (\$17 million)	1993-1997	10.37%	11,229	9,052	—	—
Total borrowings and finance lease			18,499	15,994	4,880	10,875
Less cash at bank and in hand			(5,271)	(2,015)	(3,662)	(15)
Net borrowings and finance lease			13,228	13,979	1,218	10,860

Net borrowings and finance leases for the Group are summarised as follows

	Repayable within 1 year £000	Repayable between 1 & 5 years £000	Repayable beyond 5 years £000	Total £000
Secured				
Bank loan	—	2,500	—	2,500
Finance lease	—	2,380	—	2,380
Unsecured				
Bank overdraft	2,390	—	—	2,390
Loan other than from banks (\$17 million)	2,246	8,983	—	11,229
Total borrowings and finance lease	4,636	13,863	—	18,499
Less cash at bank and in hand	(5,271)	—	—	(5,271)
At 31st December 1992	(635)	13,863	—	13,228
At 31st December 1991	(453)	12,122	1,810	13,479

The bank loan is secured by a fixed charge over one of the Group's properties and bears interest at a rate linked to LIBOR.

The loan other than from banks is in the amount of \$17 million from Teachers Insurance and Annuity Association of America. The loan is unsecured and repayable in five equal annual instalments of \$3.4 million beginning 15th May 1993.

In March 1993, the finance lease was repaid and a new seven year secured medium term loan arranged to finance the acquisition of BUPA Nursing Services Limited.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1992

NOTE 22 PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	1992 £000	1991 £000	1992 £000	1991 £000
DEFERRED TAXATION PROVISION				
At 1st January 1992	457	661	—	224
Released in the year	(84)	(204)	—	(102)
At 31st December 1992	373	457	—	—
Full potential liability	426	490	—	—

The deferred tax provision arises from accelerated depreciation allowances.

In addition to the potential liability shown above, a taxation charge of approximately £2,500,000 (1991 – £2,500,000) would arise on chargeable gains in the event of the Group's properties being realised at valuations at which they are included in the balance sheet at 31st December 1992.

OTHER PROVISIONS

In respect of the Company's net obligations under the Nutri/System leases which the Company has guaranteed (see note 26).

	—	—	—	—
At 1st January 1992	—	—	—	—
Provided during the year	1,500	—	1,500	—
Utilised during the year	(79)	—	(79)	—
At 31st December 1992	1,421	—	1,421	—

NOTE 23 SHARE CAPITAL

	Authorised		Allotted, issued and fully paid	
	Number	£000	Number	£000
Ordinary Shares of 10p each				
At 1st January 1992	96,000,000	9,600	74,839,358	7,484
At 31st December 1992	96,000,000	9,600	74,839,358	7,484

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1992

NOTE 2: RESERVES

	Share premium account £000	Revalu- ation reserve £000	Acqui- sition reserve £000	Foreign exchange reserve £000	Profit & loss account £000	Total £000
GROUP						
At 1st January 1992	1,205	5,256	(12,561)	1,367	7,066	2,333
Foreign exchange movements	—	—	—	(816)	—	(816)
Goodwill on acquisition written off	—	—	(103)	—	—	(103)
Adjustment to consideration in respect of Scott-Grant	—	—	131	—	—	131
Retained for the year	—	—	—	—	(1,676)	(1,676)
At 31st December 1992	1,205	5,256	(12,533)	551	5,390	(131)

The total amount of goodwill written off to date against reserves in respect of subsidiaries still held by the Group is £55,319,000 (1991 – £55,347,000).

Goodwill on acquisition written off during the year relates to the purchase of Remedy Medical by British Nursing Co-operations Limited.

	Share premium account £000	Revalu- ation reserve £000	Other reserves £000	Foreign exchange reserve £000	Profit & loss account £000	Total £000
COMPANY						
At 1st January 1992	1,205	2,758	36,442	255	4,288	44,948
Profit for the year	—	—	—	—	1,074	1,074
Foreign exchange movements	—	—	—	2,263	(2,263)	—
Dividends	—	—	—	—	(2,357)	(2,357)
At 31st December 1992	1,205	2,758	36,442	2,518	742	43,665

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1992

NOTE 25 CASH FLOW STATEMENT

	1992	1991
Reconciliation of operating profit to net cash inflow from operations	£000	£000
Operating profit	5,544	6,823
Depreciation charge	1,054	1,074
Net profit on sale of tangible fixed assets	(20)	(42)
Decrease in stocks	2	6
Decrease in debtors	1,702	1,067
(Decrease) increase in creditors	(547)	170
Net cash inflow from operations	7,735	9,098

	Share capital £000	Share premium account £000	Other capital reserves £000	Total £000
Analysis of changes in share capital and capital reserves				
At 1st January 1991	7,224	—	(10,346)	(3,622)
Net cash inflow from financing	1	4	—	5
Other movements	259	1,201	(1,715)	(255)
At 1st January 1992	7,484	1,205	(12,561)	(3,872)
Other movements	—	—	28	28
At 31st December 1992	7,484	1,205	(12,533)	(3,844)

	Loans and finance leases £000	Cash and cash equivalents £000	Total £000
Analysis of movements in loans and cash balances			
At 1st January 1991	(14,502)	(787)	(15,289)
Net cash inflow	814	1,352	2,166
Foreign exchange movements	(244)	(112)	(356)
At 1st January 1992	(13,932)	453	(13,479)
Net cash inflow	—	1,559	1,559
Foreign exchange movements	(2,177)	869	(1,308)
At 31st December 1992	(16,109)	2,881	(13,228)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 1992

NOTE 26 CONTINGENT LIABILITIES

The Company has given guarantees of up to £200,000 in respect of VAT and customs duty deferment on imported goods for Nutri/System (United Kingdom) Limited. The Company has also given guarantees in respect of certain properties leased by Nutri/System (United Kingdom) Limited. There are 15 such leases. As at 31st December 1992, the remaining lives of the leases were up to 34 years and the annual rental ranged from £17,000 to £60,000. Nutri/System, Inc. has agreed to honour 50% of these lease guarantees. In view of the uncertainty of the property market the directors have made a provision of £1,500,000 in respect of the Company's net obligations under the Nutri/System leases (see note 22).

NOTE 27 OTHER FINANCIAL COMMITMENTS

The Group occupies numerous premises operated under leases whose terms, conditions and expiry dates vary considerably. The aggregate annual rental costs of these premises amounted to £1,040,000 in 1992 (1991 - £1,050,000).

NOTE 28 PENSION COSTS

The Company operates a pension scheme providing benefits based on final pensionable salary. The scheme is administered by Trustees separately from the affairs of the Group and is contracted out of the additional component of the State Pension Scheme.

The pension actuary of Eagle Star Insurance Company Limited carried out an actuarial valuation of the scheme as at 30th April 1989 using a modified projected unit method and concluded that at that date the actuarial value of the assets was sufficient to cover 130% of the accrued benefits, allowing for expected future salary increases up to Normal Pension Age.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. A rate of increase of 8% per annum has been used to discount future income and outgoing benefits, and it has been assumed that salary increases average 6.5%.

A valuation as at 30th April 1992 is currently being undertaken, the outcome of which is awaited.

The pension charge for the year was £200,000 (1991 - £184,000). The employer's contribution rate is 6.2% and the members' contribution rate is 5%.

NOTE 29 SHARE OPTION SCHEMES

Options over 3,064,415 Ordinary Shares had been issued under the Employee Share Option Scheme at 31st December 1992. Options are exercisable, subject to the rules of the scheme, on specified dates until October 2001, at prices between 67p and 145p per share.

Options over 799,213 Ordinary Shares had been issued under the Savings Related Share Option Scheme at 31st December 1992. The options are exercisable, subject to the rules of the scheme, either from December 1995 at 76p per share or from November 1996 at 56p per share.

NOTE 30 POST BALANCE SHEET EVENT

On 1st March 1993 the Company acquired the entire share capital of BUPA's nursing agency subsidiary, BUPA Nursing Services Limited (BNSL) for £400,000, which was paid in cash on completion.

In the year ended 31st December 1992, BNSL had a turnover of £10,800,000 and produced operating profits, before BUPA centre management charges, of £281,000. BNSL at completion had assets, before bank borrowings, of £741,000 and bank borrowings of £1,800,000.

In order to finance the acquisition, the Company's property finance lease has been repaid and the freehold properties released, and other property, used to secure a new seven year medium term loan of £5,810,000. The amount repaid under the finance lease and costs associated with the purchase of the freehold amounted to £2,942,000.

FIVE YEAR SUMMARY

	1988 £000	1989 £000	1990 £000	1991 £000	1992 £000
GROUP PROFIT AND LOSS ACCOUNT					
Turnover	65,853	83,266	104,403	100,536	96,314
Operating profit before exceptional item	5,050	6,699	9,719	7,663	5,544
Exceptional item	—	—	—	(840)	—
Operating profit after exceptional item	5,050	6,699	9,719	6,823	5,544
Interest payable less receivable	(340)	(647)	(1,703)	(1,518)	(1,304)
Profit before taxation	4,710	6,052	8,016	5,305	4,240
Taxation	(1,524)	(2,120)	(2,383)	(1,005)	(1,025)
Profit after taxation	3,186	3,932	5,633	4,300	3,215
Extraordinary item	—	—	—	—	(2,534)
Earnings per share	7.31p	8.22p	8.64p	5.81p	4.30p
Dividends per share	2.42p	2.90p	3.15p	3.15p	3.15p
GROUP BALANCE SHEET					
Tangible assets	11,813	13,231	13,034	18,273	18,294
Investments	—	574	1,034	1,034	—
Total fixed assets	11,813	13,805	14,068	19,307	18,294
Current assets	10,016	14,173	15,442	13,700	12,616
Current liabilities and provisions	(7,515)	(9,614)	(10,983)	(9,711)	(10,329)
Net operating assets	14,314	18,364	18,527	23,296	20,581
Net borrowings	(5,707)	(7,508)	(15,289)	(13,479)	(13,228)
Net assets	8,607	10,856	3,238	9,817	7,353
Share capital	4,077	5,418	7,224	7,484	7,484
Share premium account	3,416	2,990	—	1,205	1,205
Acquisition reserve	—	—	(10,846)	(12,561)	(12,533)
Other reserves	1,114	2,448	6,860	13,689	11,197
Capital and reserves	8,607	10,856	3,238	9,817	7,353
GROUP CASH FLOW STATEMENT					
Net cash inflow from operating activities	4,616	4,800	10,411	9,098	7,735
Interest and dividends paid	(1,472)	(1,771)	(4,087)	(3,645)	(3,690)
Tax paid	(1,648)	(1,796)	(2,227)	(2,016)	(1,439)
Net investment in fixed assets and acquisitions	(3,078)	(16,746)	(31,737)	(1,276)	(1,047)
Net cash flow before financing	(1,582)	(15,513)	(27,640)	2,161	1,559
Issue of shares	(7)	(13,712)	(18,174)	(5)	—
Decrease (increase) in loans and finance leases	1,589	(2,893)	(11,294)	814	—
Increase (decrease) in cash and cash equivalents	(3,164)	1,092	1,828	1,352	1,559
	(1,582)	(15,513)	(27,640)	2,161	1,559

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the seventh Annual General Meeting of the Company will be held at The Brewery, Chiswell Street, London EC1Y 4SD on 20th May 1993 at 12 noon for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the financial statements, together with the reports of the directors and auditors, for the year ended 31st December 1992.
2. To declare a final dividend.
3. To re-elect C Goodson-Wickes as a director.
4. To re-elect C J N Ward as a director.
5. To re-elect F J A Howard as a director.
6. To re-elect C R Chapman as a director.
7. To re-appoint Coopers & Lybrand (formerly Coopers & Lybrand Deloitte) as the auditors to act as such until the conclusion of the next Annual General Meeting and to authorise the directors to fix the auditors' remuneration.

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

THAT, the directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of that Act) pursuant to the authority conferred by Ordinary Resolution numbered 7 passed at the Annual General Meeting of the Company held on 16th May 1991, as if subsection (1) of Section 89 of that Act did not apply to any such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with any rights issue in favour of ordinary shareholders on the register of members at such record date or dates as the directors may determine for the purpose of the issue where the equity securities respectively attributable to the interests of all such holders of Ordinary Shares are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them at any such record date or dates so determined, provided that the directors may make such arrangements or exclusions as they consider necessary or expedient in respect of fractional entitlements or legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange; and

- (ii) the allotment of equity securities pursuant to the terms of any share scheme for employees approved by shareholders in general meeting; and

- (iii) the allotment (otherwise than pursuant to sub-paragraphs (i) or (ii) above) of equity securities up to an aggregate nominal amount of £374,000;

and shall expire on the date of the next Annual General Meeting of the Company after the date of passing of this resolution, save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement notwithstanding that this power has expired.

NOTICE OF ANNUAL GENERAL MEETING

9. To consider and, if thought fit to pass the following resolution which will be proposed as an Ordinary Resolution
THAT, the directors be authorised to amend the rules of the Nestor-BNA Savings Related Share Option Scheme without requiring the prior approval of the Company in general meeting, as described in the Explanatory Note to this Notice of Meeting.

By order of the Board

J Wood

Secretary

Registered Office: 20A Church Road
Welwyn Garden City, Hertfordshire AL8 6PS
30th March 1993

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. To be valid, proxies must be lodged with the Registrar of the Company not later than 48 hours before the time appointed for the meeting.
2. Copies of all service agreements of more than one year's duration between the Company and the directors, will be available for inspection at the registered office of the Company during normal business hours from the date of this notice until the date of the meeting and at the place of the meeting from 15 minutes before and until the end of the meeting.

EXPLANATORY NOTE

Certain amendments to the Company's savings related share option scheme require the prior approval of the Company in general meeting. From the date of implementation of the Finance Act 1991, a change to the regulations governing Inland Revenue approved savings related share option schemes has permitted an increase in the maximum monthly amount which an individual employee may save under a sharesave savings contract from £150 to £250 per month. The directors now seek the authority of shareholders to amend the scheme so that prior approval will not be necessary where the amendment is to take account of any amendments to the Income and Corporation Taxes Act 1988 or to other applicable legislation coming into force. In future such amendments will be made by way of a directors' resolution. The directors, when amending the scheme, will take into consideration any published guide-lines of the institutional investors in force at the time. In the first instance it is proposed to increase the limit of individual monthly contributions from £150 to £250.

FORM OF PROXY
ANNUAL GENERAL MEETING

I/We _____ (BLOCK CAPITALS)

of _____ (BLOCK CAPITALS)

being a member members of the Company hereby appoint Mr H J Hann, or, failing him, the Chairman of the Meeting or (see note 2).

as my/our proxy to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held at The Brewery, Chiswell Street, London EC1Y 4SD, on 20th May 1993 at 12 noon or at any adjournment thereof.

RESOLUTIONS		For	Against
Ordinary Resolution 1	To receive and consider the financial statements and reports	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2	To declare a final dividend	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3	To re-elect C Goodson-Wickes	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4	To re-elect C J N Ward	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 5	To re-elect F J A Howard	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 6	To re-elect C R Chapman	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 7	To re-appoint Coopers & Lybrand and to authorise the directors to fix the auditors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 8	To dis-apply sub-section (1) of Section 89 of the Companies Act 1985	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 9	To authorise the directors to amend the rules of the Nestor-BNA Savings Related Share Option Scheme	<input type="checkbox"/>	<input type="checkbox"/>

Please indicate with an X in the spaces provided how you wish your votes to be cast in respect of each of the Resolutions to be proposed at the Meeting. In the absence of any specific directions the proxy will vote or abstain at his/her discretion.

Signature or Common Seal _____

Dated this _____ day of _____ 1993

NOTES

- 1 A proxy need not be a member of the Company.
- 2 If a shareholder wishes to make his/her own choice of proxy he/she should insert the proxy's name in the space provided, delete the references to Mr H J Hann and the Chairman of the Meeting and initial the alterations.
- 3 The Instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- 4 To be valid, the Instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney, must be deposited at the address overleaf not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting.
- 5 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the others. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
- 6 Appointment of a proxy will not preclude a member from attending the meeting and voting thereat in person.

BUSINESS REPLY SERVICE
Licence No. BS 2282

111

National Westminster Bank Plc

Registrar's Department

PO Box 82

Caxton House

Redcliffe Way

Bristol

BS99 7YA

FOLD THREE